



Carlos Jackson
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

June 5, 2007

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE FISCAL YEAR 2007-2008 BUDGET OF THE
COMMUNITY DEVELOPMENT COMMISSION (ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY
DEVELOPMENT COMMISSION:**

1. Approve the Community Development Commission's (Commission) \$430,278,700 Fiscal Year 2007-2008 Budget, of which \$286,120,000 is for the Housing Authority.
2. Adopt and instruct the Chair to sign the attached Resolution (Attachment A) approving Commission's \$144,158,700 Fiscal Year 2007-2008 Budget.
3. Determine that the use of \$110,279 for planning and administrative expenses charged to the Low- and Moderate-Income Housing Fund is necessary for the production, improvement, or preservation of low- and moderate-income housing for the designated redevelopment project areas of the County of Los Angeles.
4. Instruct the Chair to adopt and sign the attached Resolution (Attachment B) approving the cost allocation model developed in conjunction with the Commission's outside auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.



5. Authorize the Commission to institute a General Salary Adjustment at a maximum combined amount of 10% over the next 3 years, as approved by the Board of Supervisors for County non-represented employees.
6. Instruct the Executive Director to implement the Budget and take all related actions, including execution of all required documents, for the purposes described herein following approval as to form by County Counsel.
7. Find that the approval of the Budget is not subject to the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of the recommended actions is to establish new fiscal year appropriation authorities for the Commission and the Housing Authority for ongoing and anticipated activities.

In a recent financial management review conducted by HUD, it was recommended that the Commission receive formal approval for its cost allocation plan that was developed in 2002 by KPMG, a national accounting and auditing firm. The details of the allocation plan were submitted to your Board under separate cover on May 9, 2007.

During a review of the Commission and Housing Authority's compensation study in October 2006, it was recommended that the Commission implement a general salary adjustment in order to help retain staff. This is a new endeavor for the Commission and it is being modeled after the County's general salary adjustments. The Chief Administrative Officer's (CAO) staff concurred with the recommendation and advised the Commission to keep its increases comparable to non-represented County employees, who were authorized on November 21, 2006 to receive a 10% salary adjustment over the next 3 years. The Commission and Housing Authority have budgeted for, and are recommending, a 5% adjustment for all employees effective July 1, 2007, and 2.5% on July 1 for the remaining two years.

FISCAL IMPACT/FINANCING:

The Commission and Housing Authority's combined Fiscal Year 2007-2008 Budgets total \$430,278,700, an increase of approximately 4 percent, or \$16,814,300 over Fiscal Year 2006-2007. The change reflects increased State and County Revenue for the Homeless Housing Program Fund (HHPF) as well as First District construction projects, increased Housing Assistance Payments (HAP - Section 8 landlord payments) and increased Home

Investment Partnership Program (HOME) Funds, which are due to a greater response from the latest Request for Proposals (RFP) and higher per unit loan costs.

The Fiscal Year 2007-2008 consolidated budget includes approximately \$31.2 million in County funds, which the CAO is recommending to support the University of California Cooperative Extension Program, HHPF, various First District construction projects, and the South Whittier Community Resource Center. This funding provides for homeless services, educational programs and capital projects for residents Countywide.

The Commission and Housing Authority will continue to monitor federal regulatory and legislative developments, and review cost-reduction measures to respond to the changing needs in the County to mitigate any future reductions in federal funding.

The Fiscal Year 2007-2008 Budgets total \$430,278,700, which is comprised of \$144,158,700 for the Commission and \$286,120,000 for the Housing Authority. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources consist of public housing dwelling rental income and redevelopment tax increment funds, including those administered on behalf of the City of Industry.

MAJOR FUNDING SOURCES

In Fiscal Year 2007-2008, Housing Authority programs will be supported by four major funding sources. The Conventional Public Housing Program funding is comprised primarily of \$6.2 million in operating subsidies, \$11.4 million in rent revenues, and \$11.1 million in public housing modernization funds. Housing Choice Voucher (Section 8) revenue is budgeted at \$230.4 million.

A total of \$12.3 million in Commission and Housing Authority general funds and reserves are budgeted for Fiscal Year 2007-2008. These funds will be used for priority initiatives that require additional funding, such as technology enhancement projects to increase productivity and quality of services, and support services that promote self-sufficiency for families participating in Housing Authority programs.

The Commission's four major funding sources for Fiscal Year 2007-2008 consist of Community Development Block Grant (CDBG), City of Industry Redevelopment Housing Set-Aside funds (Tax Increment Funds), HOME Funds, and State and County revenue. The 2007-2008 CDBG Program is budgeted at \$57.7 million and will be used by the Commission, the Housing Authority, 47 participating cities, seven County departments, 56 community-based organizations, and other public agencies. Tax Increment Funds are budgeted at \$14.2 million, of which \$9.0 million is budgeted for the City of Industry Program.

To date, a total of \$119 million has been awarded in City of Industry funds, leveraging approximately \$790 million to develop 4,511 units of affordable rental, homeownership and special needs housing units. The HOME Program is budgeted at \$19.2 million to provide loans to developers, single and multi-family rehabilitation, and the first time homebuyers program. State and County revenue is budgeted at \$37.3 million, which consists primarily of \$20.6 million in HHPF, and \$10.6 million for design and/or construction of various First District capital projects.

STAFFING

In Fiscal Year 2007-2008, the number of regular positions will remain constant.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In January 2001, the Commission and Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2007-2008 marks the seventh year the Commission and Housing Authority will be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2007-2008 operating budgets include \$3.9 million in Housing Authority capital projects.

On May 22, 2007, your Board approved the 2007-2008 One Year (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME Funds and Emergency Shelter Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, and community-based organizations. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2007-2008 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2007-2008 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget. In addition, per the California Health and Safety Code Section 33334.3, the Board must determine that a portion of tax increment funds set aside for the production, improvement or preservation of low- and moderate-income housing can be used for planning and administrative expenses, and that a total of \$110,279 may be used for this purpose during Fiscal Year 2007-2008.

County Counsel has approved the attached Resolutions as to form. On April 25, 2007, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2007-2008 Budget and related actions.

CONTRACTING PROCESS:

HOME Funds are available on a first-come, first-served basis to qualified for-profit and non-profit developers and Community Housing Development Organizations through an ongoing, open RFP process that provides funding for housing development. Projects are selected to maximize the impact of HOME Funds based on viability, financial feasibility, appropriateness to geographic location and community need. Funds are also available on a first-come, first-served basis to qualifying homebuyers and owners of single-and multi-family housing in need of rehabilitation.

City of Industry Tax Increment Funds are also allocated to developers through an annual competitive proposal process. These funds are used to develop multi-family rental, senior rental, affordable for-sale and special needs housing within a 15-mile radius of the City of Industry.

The CDBG funds are allocated by each of the five Supervisorial Districts to non-profit agencies to conduct projects that address housing and community development needs within the County.

ENVIRONMENTAL DOCUMENTATION:

Approval of the Commission and Housing Authority's Fiscal Year 2007-2008 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b), because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS:

Approval of the Fiscal Year 2007-2008 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

RESOLUTION APPROVING 2007-2008 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2007-2008 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$144,158,700

Expenditure and Reserve Appropriations: \$144,158,700

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 5th day of June, 2007.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Commissioners



By: Sybil J. Villalobos
Deputy

By: Benjamin L. ...
Chair, Los Angeles County

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: Raymond G. Fortner, Jr.
Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2007-2008
COST ALLOCATION PLAN OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Cost Allocation Plan for Fiscal Year 2007-2008 and has found:

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt a cost allocation plan.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles, hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan.
3. The U.S. Department of Housing and Urban Development (HUD) requires that a cost allocation plan be formally adopted by the governing body.
4. This resolution shall take effect immediately following Board approval and will be effective until a major change is made in the methodology, whereas the new cost allocation plan will be submitted for approval by the governing body.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on the 5th day of June, 2007.

ATTEST:

SACHI A. HAMAI
Executive Officer – Clerk of
The Board of Commissioners

By: [Signature]
Deputy

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: [Signature]
Deputy

By: [Signature]
Chair of the Board of
Commissioners

